

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FANCY FARM WATER DISTRICT,)	
GRAVES AND CARLISLE COUNTIES, KENTUCKY, (1))	
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND)	
NECESSITY AUTHORIZING CONSTRUCTION OF MAJOR)	CASE NO.
ADDITIONS AND IMPROVEMENTS TO ITS WATER)	97-396
DISTRIBUTION SYSTEM; (2) SEEKING APPROVAL OF)	
ADJUSTED WATER SERVICE RATES AND CHARGES;)	
AND (3) SEEKING APPROVAL OF THE ISSUANCE OF)	
CERTAIN SECURITIES)	

O R D E R

On September 24, 1997, Fancy Farm Water District ("Fancy Farm") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$620,000 waterworks improvement project, for approval of its plan of financing for this project, and for adjustments to its water service rates. This project will provide better service to the existing customers. Project funding is a \$620,000 bond issue to be purchased pursuant to an agreement with the U. S. Department of Agriculture's Rural Development ("RD").

Fancy Farm's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U. S. Department of Agriculture or the U. S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements

were met in this case on September 24, 1997, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Fancy Farm is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Fancy Farm's proposed plan of financing with RD is accepted.

3. Fancy Farm is authorized to issue bonds not to exceed \$620,000.

4. Fancy Farm shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

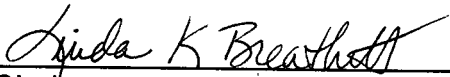
6. Fancy Farm shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

7. Fancy Farm shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 5(1), Fancy Farm shall take immediate action to bring the system into compliance with Commission regulations.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 16th day of October, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 97-396 DATED OCTOBER 16, 1997

The following rates and charges are prescribed for the customers of the area served by Fancy Farm Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of the Order.

General Water Rates

First	2,000 gallons	\$13.10 Minimum Bill
Next	3,000 gallons	3.35 per 1,000 gallons
Next	5,000 gallons	3.18 per 1,000 gallons
Next	10,000 gallons	2.98 per 1,000 gallons
All Over	20,000 gallons	2.70 per 1,000 gallons

Wholesale Water Rates

City of Milburn	2.17 per 1,000 gallons
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